

Sustainability Performance : The method of Reporting by International Companies

Dr. Udayashankara TH

**Professor, Dept. of Environmental Engineering, Sri Jayachamarajendra
College of Engineering, Mysuru**

Deepa Chandran

**Research Scholar, Dept. of Environmental Engineering, Sri
Jayachamarajendra College of Engineering, Mysuru**

ABSTRACT:

The purpose of this paper is to ascertain the level of reporting of sustainability performances across companies in India and across the globe in textile and other industries. The content analysis method was used to identify and describe sustainability reporting patterns in web sites, annual reports and corporate social responsibility (CSR) reports for the companies. Top companies across the world from various industries have been taken into consideration for the study.

INTRODUCTION:

A sustainability report is an organizational report that gives information about its economic, social and environmental performance caused by its business activities. This reporting is about enabling organizations to consider the impacts on the wide range of sustainability issues, enabling them to be more transparent about the risks and opportunities they face. The sustainability report presents the organization's vision, values and model of governance and articulates the commitment to a sustainable economy globally.

Building and maintaining trust in businesses and governments is very important in making a sustainable economy and world. Sustainability reports are released by companies and organizations of all types, sizes and sectors from every corner of the world. Thousands of companies across all sectors have their reports published including public authorities and non-profit organizations as well. Some of the major sustainability reporting guidelines are provided by International Organization for standardization (ISO 26000, International standards for social responsibility), Global reporting Initiative (GRI's sustainability reporting standards), United Nations Global Compact (UNGC communication on progress), Organization for Economic Co-operation and development (OECD guidelines for multinational Enterprise).

UNGC – United nations global compact, is an UN initiative founded On 26 Jul 2000 to encourage businesses worldwide to adopt sustainable and socially responsible policies and to report their

implementation. In 2010, UNGC and GRI signed an agreement to align their work in advancing corporate responsibility and transparency.

The GRI reporting comes across as the most used reporting standards across companies and all companies by and large have updated to the GRI G4 guidelines [1].

The part 1 of the GRI content index is for the general standard disclosures. These set the overall context for the report, providing a description of the organization and its reporting process. These apply to all organizations, irrespective of their materiality assessment and they are as below:

- Strategy and analysis – G4 – 1, 2
- Organizational profile – G4 – 3 to 16
- Identified material aspects and boundaries – G4 – 17 to 23
- Stakeholder engagement – G4 - 24 to 27
- Report profile – G4 - 28 - 33
- Governance – G4 - 34 to 55
- Ethics and integrity – G4 – 56 to 58

The second type of disclosure is the specific standard disclosure which is divided into two parts, namely Management approach and Indicators. The content index for the specific standard disclosures with material aspects and indicators are as below:

- Category: Economic – economic performance, indirect economic impacts, procurement practices
- Category – Environmental – materials, fuel security, energy, water, emissions, effluents and waste and compliance.
- Category - Social – labor practices and decent work, human rights, society and product responsibility.

The standard disclosures of performance indicators are as below

- EC 1 to EC 9 - Economic performance indicators
- EN 1 to EN 30 - Environmental performance indicators
- LA 1 to LA 15 - Social: labour practices and decent work
- HR 1 to HR 11 - Human rights
- SO 1 to SO10 - Society performance indicators
- PR 1 to PR 9 - Product responsibility
- OG 1 to OG 14 - Oil and gas sector supplement

Definition of Materiality

The materiality matrix of any company is reported in great transparency in the GRI report. An issue is considered material, when it impacts the ability of the company to remain profitable and socially relevant to the communities in which it operates. The material issues are those topics which are of prime significance to an organization's key stakeholders, their business continuity and their sustainability performance. The materiality assessment involves the process of refining, assessing numerous potential economic, environmental and social issues that could affect the business and / or the stakeholders and prioritizing them into key material issues that could provide a direction to company's strategies, targets and reporting.

This paper intends to shed light on the sustainability reporting of various organizations, their individual focus areas, the concerns that individual companies are trying to progress on and the method of reporting and standards followed.

This proceeds with the summary of 10 international companies' information in the sustainability reports or corporate social responsibility reports.

The 10 international companies from various businesses and their sustainability reporting in the company web sites are as follows:

Industrial and commercial Bank of China - The bank has an annual CSR report and the report has been published for the last 10 years, with the latest report complying to the GRI 4.0 framework. The bank's corporate social responsibility report is with 3 headers named environmental, social and governance.

The report is based on the framework of the bank's six-dimension CSR model covering Value creator, Brand builder, Green bank, Creditworthy bank, Harmonious bank and Charity bank. The report includes the following headers:

- Responsibility strategy that includes the connotation of responsibility with the responsibility system and management, responsibility communication and substantiality analysis.
- Supporting the real economy, becoming value creator that includes strategic emerging industries, regional coordinated development, small and micro enterprises, people's livelihood guarantee.
- Making contributions to the society, building up a brand Bank that includes service efficiency, service experience and service globalization.
- Being environment friendly, building up a green Bank that includes Green credit, Green financial innovation, Green service, tracking the % businesses via mobile banking, internet banking and smart services, Green charity, Green operation, reduction in the greenhouse gas emission and waste generation.

- Building up an integrity Bank with internal and external guarantee that includes consumer rights' and interests and financial safety.
- Managing with love, building a harmonious Bank, Staff management, development of employees, caring for employees and inclusive culture.
- Advocating charity undertakings, building a charitable brand, precision poverty relief efforts, loans to rural transport facilities, rural power network and rural education loans, charity brand, performing duties across the world.

The key performance index reported are the economic index that comprises of key metrics along with total assets, net profit and operating income across the last 3 years, the environment index that comprises of data of loan made to green economy sectors, proportion of business volume of e-banking, office paper, water and power consumption, official vehicle oil consumption across the last 3 years. The Social index that includes small and micro enterprise loan balance, social contribution per share, proportion of female employees, proportion of employees from ethnic groups and charitable donations.

The report depicts the bank's efforts in improving the responsibility system, strengthening responsibility on innovation, building up global brands, promoting eco-friendly practices, advocating green finance, protecting customers' rights and interests, strengthening internal control, creating harmonious and people oriented culture, advocating charity undertaking and building a charitable brand.

The Bank has a charter for the expectation and demand, way of communication and measures to respond for government, regulatory authorities, shareholders, customers, partners, employees and the community.

The report also includes a comparison of the GRI 4.0 index with the ESG (Environmental, social and governance criteria) reporting guide highlighting the results and processes reported [2].

China construction bank - The China construction bank has the corporate social responsibility embedded in the annual report. The bank had strategic goals for the CSR activities and strives to become a bank that serves the general public, promote people's livelihood, facilitates low carbon, environmental protection and achieves sustainable development.

The bank increased credit investment in green environmental protection, strictly controlled credit lending to high energy consuming and highly polluting industries, encouraged customers and projects that satisfied the requirements of circular economy and green economy. The bank reports the green credit in tonnes of standard coal reduced, carbon di oxide emission reduced and water savings. The bank also reports the adoption of mobile banking, we chat banking,

telephone banking and other mobile financial services to reduce the customer cost and save social resources. The bank cut down business travels, encouraged video conferences in lieu of on-site meetings. The bank also invested in promoting Chinese traditional culture bringing inclusive artists' talents to full play [3] [4].

Agricultural Bank of China (AB China) - The annual sustainability report is in accordance with the Sustainable Reporting Development Guidelines of the GRI (4.0) guidelines and the bank has been reporting for the last 10 years.

AB China being a large state owned financial enterprise, shoulders the responsibility and mission of serving the real economy especially agriculture, rural areas, farmers, playing a pillar role in the rural financial system of china. In the sustainability reporting, there are 3 verticals namely economy, social and environment.

The reporting for economy is on the single focus of serving PEOPLE. This includes sustainable agriculture, promotion of farmers' welfare, and beautiful and livable country sides. The bank supports the real economy by serving "the belt and road initiative" constructions, promoting the integrated development of its cities, boosting a new leap of the river belts, promoting the development of small and micro enterprises, alleviating poverty, improving people's livelihood and assisting in environmental protection.

The social initiatives include service improvement which is about safeguarding the interests of the customers through perfecting systems, innovating products to meet customer demands and upgrading services to optimize customer experiences. The employee development includes giving humanistic care to promote happiness and fostering abilities and respecting talent. The public welfare includes improving the volunteer service mechanism, carrying out financial knowledge popularization and enthusiastically promoting social welfare.

The bank reports the results of the environmental responsibility with respect to low carbon leading to environmental protection, green credit driving to formation of beautiful China, green operation aimed at implementing the philosophy of environmental protection. It includes high quality consumer service led by innovation, improving the systems to protect the customers' rights and interests, financial interconnection to experience the bank of the future, upgrading services to convey sincere warmth [5].

Bank of China (BOC) - BOC has the CSR reports in public domain from 2008. This is an annual report based on GRI 4.0.

The company's major focus in the sustainability report is on implementing China's major development strategies which is building the "belt and Road" financial artery, expanding presence to 9 Asian countries, bolstering the development of small and medium sized

companies through matchmaking activities worldwide, provide innovative solutions to solve the financing problems of partners, supporting industrial structural adjustment and supporting coordinated development across China.

The CSR report has a table of key performance indicators in the areas of economic, social and environment with measures of the last 3 years against each indicator.

The economic indicators focus on enhancing global financial services, promoting the internationalization of the RMB by issuing high first grade RMB bonds, developing global e-finance, serving the “going global” drive and developing cross border personal banking business. The indicators are total assets, operating income, income tax among other financial indicators.

The social indicators focus on supporting charity and public interests, pressing ahead with targeted the industrial poverty alleviation, participating in disaster relief, supporting cultural and education undertaking. The results are donations done in RMB, female employee % and customer satisfaction ratio among others.

In the environmental indicator, the bank reports the “Balance of Green Credits” in RMB million. The report details about addressing the Intellectual poverty alleviation through various initiatives listed in detail. It also has a brief about the responsibilities towards the stakeholders and the performance of the same through corporate governance, increasing the shareholder value, strengthen the risk management, promoting compliance and anti-money laundering [6].

Berkshire Hathaway - This is a US based company and the CSR reporting is a part of the annual report of the company. In the consolidated balance sheets, the company has a spend against the “goodwill work”, amongst all the other financial results.

Berkshire Hathaway Energy (BHE) has invested in renewable energy sources and has invested in wind energy and solar energy generation. BHE made major commitments to the future development of renewables in support of the Paris Climate Change Conference. The company is sure that fulfilling those promises and shall make great sense, both for the environment and for Berkshire's economics.

The Berkshire company craves for efficiency and detests bureaucracy. To achieve the company's goals, the approach is to emphasize avoidance of bloat, buying businesses that have long been run by cost-conscious and efficient managers. After the purchase of a new business, the role is simply to create an environment in which the CEOs and their eventual successors, who typically are like-minded can maximize both their managerial effectiveness and the pleasure they derive from their jobs. (With this hands-off style, I am heeding a well-known

style: “If you want to guarantee yourself a lifetime of misery, be sure to marry someone with the intent of changing their behavior,” quotes Mr. Warren Buffet in the annual report.)

The snippets from the annual report that depict the social focus are as follows; Can you imagine another very large company – we employ 361,270 people worldwide – enjoying that kind of employment stability at headquarters? At Berkshire we have hired some wonderful people – and they have stayed with us. Moreover, no one is hired unless he or she is truly needed. That’s why you’ve never read about “restructuring” charges at Berkshire [7].

JP Morgan Chase - JP Morgan Chase & Co. is a leading global financial services firm with operation worldwide. JP Morgan Chase has been reporting since 2010 annually on their CSR. Every year the company has a strong theme driven CSR report. While the first report was titled “The way forward”, the next report was titled Strengthening our communities, growing the economy, 2012 was Growing economies, strengthening communities and operating responsibly, 2013 was conversations with our partners, 2014 was Global strength: At work in cities, 2015 was sparking economic opportunity. The main focus in 2015 was on how to give more people the opportunity to move up the economic ladder and create more widely shared prosperity. In 2016 reporting, the company focusses on the model for impact, articulated as too many people being shut out of the rewards of the growing economy and hence the frustration and disillusionment that follow have had deep and far reaching impact, hence the company believes it is its responsibility to create a greater economic opportunity. In the 2017 report, the company focuses on model for impact, driving inclusive growth and helping more people share in the rewards of a growing economy.

The corporate responsibility report also gives a peek into the future focus of the company in the what’s ahead segment. This includes expanding skills at work, advancing partnership with the urban institute, extending the global city initiatives, launching the JPMorgan Chase Institute, commencing of the Financial Solutions Lab for the first class winners of social entrepreneur and nonprofits organizations, to support promising innovators and share best practices globally. The report is simple to understand, as they have kept the description of the activity pictorial and to the point.

Being a financial company, the focus is primarily on cities, since cities are the engines of economic growth for the company in future. The report acknowledges the long standing commitment to working and investing in cities, the challenges cities are facing and the solutions that are working, and how they apply the expertise on behalf of the clients and communities. The strategy is focused on three key areas, that are diversifying high growth sectors, expanding entrepreneurial opportunities and expanding access to flexible capital.

The report identifies the key environmental social and governance issues of the company through a structured process of internal interviews and external stakeholder's feedback annually. The key issues hence identified are promoting sound governance, serving customers, investing in employees, advancing sustainable finance, supporting the communities and managing their operations and these are discussed in detail in the report. The report also highlights focus pertaining to promoting sustainable investment, the funds spent for providing basic services in East Africa, the number of United States military and veterans hired for jobs, publish "how we do our business report" to the stakeholders to build transparency and communication of risks in the business to stakeholders.

The results are published in the environmental social and governance report annually. The financial performance includes net revenue, net income, total assets among others. The environmental data are GHG direct and indirect emissions, renewable energy credits, reduction % in GHG emissions over their 2005 baseline, energy, water and paper consumption among others. The social results include % increase of low and moderate income customers, increase in no. of homeownership, no. of small businesses financed, employee engagement scores, attrition rates and diversity promotion across levels. The report is as per the GRI guidelines [8].

Exxon Mobil - The company has an annual corporate citizenship report. The key material issues identified are safety, health and workplace cover the personnel safety, process safety, workforce engagement and diversity scores pertaining to female and minority representation. Under managing climate risks are developing future energy technology solutions, promote science for sound policy, improve efficiency, increase supply and mitigating emissions in operations.

The environmental performance covers water management, spill performance, air emissions, decommissioning and rehabilitation, biodiversity and ecosystem services. The local development and supply chain management include local hiring and training, local supplier development, local community development and improving environmental performance across the supply chain. The corporate governance addresses the governance practices, ethics and integrity, transparency, shareholders' relation, political advocacy and contributions.

Since the company is the world's largest publicly held oil and natural gas company, it has published the outlook for energy 2040 as a worldview and this is the company's global view of energy demand and supply through 2040. This outlook helps the company guide their long term investments, highlights the dual challenge of providing the world with access to affordable and reliable energy while reducing the emissions to address the risks of climate change. The seven key themes in the outlook 2040 are energy underpins economic growth, natural gas leads growth in energy, oil remains the world's primary energy source, cost effective options to reduce CO2 emissions, non OECD (organization for economic co-operation and development)

countries lead the way for energy demand, the global energy mix is evolving and the potential of technology.

The performance data is reported for the last 10 years in a consolidated sheet as per the guidelines and indicators of the IPIECA Oil and Gas industry guidance (International Petroleum Industry Environmental Conservation Association) on voluntary sustainability reporting 2015. The majority of the indicators are consistent with the GRI indicators and is informed by the GRI 4.0 guidelines.

The report elaborates about the environmental stewardship through responsible management to understand the local environment which is critical to superior performance. The ecosystem services of the company quote the area of land actively managed for the benefit of wildlife at various ExxonMobil sites, air emissions reduction percentage since 2002 measured as VOCs, SO₂, NO_x, environmental drilling initiatives, fresh water management by harvesting rain for usage in preparing drilling fluids, site remediation and spill performance.

The company talks about how reliable and affordable energy is an essential for human progress. At the same time, like all industrial processes, energy development involves risk. ExxonMobil says that there is risk at every stage of development and the company continuously works to reduce the environmental impacts. Rigorous standards and good practices are considered as the needs of the communities and that is the guide [9].

Petro China - Petro China has been publishing the sustainability report from 2006, annually. The report is themed as energize, harmonize and realize.

The company has identified 6 large materiality topics and the details are as follows. The first one is integrity and compliance based governance which covers sustaining steady development, solidifying governance framework, optimizing management system, upholding business ethics and communicating with stakeholders. The second is the sustained energy supply which covers consolidating resource base, developing clean energy, pushing forward pipeline network construction, enhancing international cooperation and ensuring stable supply. The next is safe and clean production and operations which details on improving HSE (Health, Safety and Environment) management, enhancing operational safety, ecological protection, promoting energy conservation and response to climate change. Customer-first market service includes enhancing quality management system, providing high-quality products, delivering considerate services and supply chain management is the following one. The next one is people-oriented employee development that encompasses protection of employee rights, occupational health, establishing a platform for employee development, local staff development and strengthening of security in overseas operations. Giving back to the society includes promoting local

development, poverty alleviation, supporting education, volunteer activities and contributions to the development of overseas community being the last one.

The company's chairman's views on the sustainability focus for the company have been listed across the business, the way in which the company has optimized the business structure and delivered more green and low carbon products and high quality services to the community, how reforms have been promoted steadily and innovation to boost growth, momentum and vitality. The report details out the stakeholders as government, shareholders, employees, consumers, business partners, NGOs and communities, lists out each of their expectations, the company's communication approach for each of the stakeholders and the key actions in detail.

The company has developments norms for the Eco-environmental management of the full life cycle throughout the industry chain since its main upstream business is exploration, development and production of crude oil and natural gas which as an industry is drilling and hence protection of surface and under groundwater is the primary responsibility. Petro China has put in place a four mechanism process for greenhouse gas emissions control which include investment in the development of low carbon energy and application of low carbon technologies. The report also includes the objectives and action plans for the following year as well.

The report consults the reporting elements and performance indicators indices proposed by the GRI 4.0 reporting framework and compares the report with indicators listed in Oil and Gas industry guidance on voluntary sustainability reporting by the International petroleum industry environment conservation association (IPIECA) and the American petroleum Institute (API) and the reference of the ESG (Environmental, Social and Governance) guide issued by the Hong Kong Stock exchange (HSEX) [10].

General Electric (GE)- GE's approach to sustainability is aligning the business strategy to meet societal needs, while minimizing environmental impact and advancing social development. GE's chairman quotes that "Business must now lead and not depend on government to a beacon for sustainability. We must move on our own". The material issues identified by the company are workforce and Idea development, integrity and compliance, global growth, improving health, energy, water and climate, resource productivity and human rights.

The report details out ecomagination which is driving economic and environmental outcomes for their customers across the world by collaborating for global impact, innovation to solve resource challenges and thought leadership to shape business outcome. GE believes in enhancing progress by charitable giving, volunteer hours, commitment to progress of employees and communities through the UK (United Kingdom) modern slavery act.

The company's goals on water usage reduction by 2020 and GHG emissions reduction by 2020 are tracked from the 2011 baseline. GE has invested in digital hydroelectric power, cleaner technologies R&D, ethical supply chain, digital water software and partnerships for water conservation.

GE's reporting on its sustainability program was informed by the GRI 4.0 guidelines. The measures of all the key environmental, social and economic results are present in the annual report with status of progress towards the company's 2020 goal [11].

Wells Fargo (WF) - Wells Fargo's sustainability vision is about creating solutions from stronger communities which is articulated as "staying true to our vision and values will guide us towards continued growth and success for decades to come". The top priorities are diversity and social inclusion, economic empowerment and environmental sustainability.

Diversity and social inclusion is to ensure everyone feels respected with equal access to resources, services and opportunities to succeed. Economic empowerment is to strengthen financial self-sufficiency and economic opportunities in underserved communities. Environmental sustainability is to accelerate transition to a lower carbon economy to help reduce climate change impacts.

The company has been reporting sustainability since 2011, as per the GRI guidelines and the company has a target set for 2020 commitment across diversity and social inclusion, economic empowerment and environmental sustainability. WF publishes an exclusive corporate social responsibility report and the 2016 report is themed as earning lifelong relationships and creating solutions for stronger communities.

The report has the social performance highlights which include increase in volunteer participation, military veterans hired numbers, no. of green teams and inclusion of diverse suppliers. The economic empowerment results include overall financial health of customers, loans provided to low and moderate-income households, loans provided to minorities, number of new homeowners created and donations to support financial education, sustainable housing, small businesses and other critical economic needs. The environmental sustainability results include percentage reduction in GHG (greenhouse gases) emissions, water efficiency improvement percentage, money donated to support clean technology, environment education, strengthening community resilience, financing for renewable energy and sustainable business.

The guiding principles and policies for the company are statement on climate change, human rights statement, responsible lending principles for consumer credit and supplier code of conduct. WF also has the governance ethics listed out as their corporate responsibility

committee charter, code of ethics, environment and social risk management, commitment to appropriate data use, privacy and information security [12].

Conclusions:

The sustainability disclosures on aspects of economics, environment and social across the companies demonstrate the company's contribution to the economic development of the country and the world, to prove the company's concern for the environment as well the social contribution to the locality that it operates in and the society at large. All the companies, have the CSR activities being carried out effectively with serving the neighboring localities and communities. The GRI G4 guidelines are being followed by many companies with clear identification of materiality aspects.

References:

- [1] <https://www.globalreporting.org/information/sustainability-reporting/Pages/default.aspx>
- [2] http://v.icbc.com.cn/userfiles/Resources/ICBCLTD/download/2016/2015_corporate_social_responsibility_report_en.pdf
- [3] http://www.ccb.com/en/newinvestor/upload/20150429_1430311957/20150429203640060598.pdf
- [4] http://www.asia.ccb.com/hongkong/doc/about_us/hkg2016_financial_annual.pdf
- [5] <http://www.abchina.com/en/AboutUs/csr-report/>
- [6] http://www.boc.cn/en/aboutboc/boccsr/201603/t20160330_6643809.html
- [7] <http://www.berkshirehathaway.com/2016ar/2016ar.pdf>
- [8] <https://www.jpmorganchase.com/corporate/Corporate-Responsibility/document/2016-JPMorgan-Chase-CR-Report.pdf>
- [9] <http://corporate.exxonmobil.com/en/community/corporate-citizenship-report/about-this-report/managing-sustainability-issues>
- [10] <http://www.petrochina.com.cn/petrochina/xhtml/images/shyhj/2016kcxfbzbg.pdf>
- [11] <http://www.gesustainability.com/downloads/>
- [12] <https://www.wellsfargo.com/about/corporate-responsibility/environment/>

Abbreviations:

AB China - Agricultural Bank of China

API - American petroleum Institute

BHE - Berkshire Hathaway Energy

BOC - Bank of China

CEO – Chief Executive Officer

CO₂ – Carbon dioxide

CSR – Corporate social responsibility

ESG – Environmental, social and governance

GE - General Electric

GHG – Greenhouse gases

GRI G4 – Global reporting initiative, the 4th generation of the guidelines

GRI G2 – Global reporting initiative, the 2nd generation of the guidelines (older version)

HSE – Health, safety and environment

HSEX - Hong Kong Stock exchange

IPIECA - International petroleum industry environment conservation association

NGO – Non government organization

NO_x – Oxides of Nitrogen

OECD - Organization for economic co-operation and development

RMB – Renminbi, the official currency of China

SO₂ – Sulphur dioxide

UK - United Kingdom

UN – United Nations

UNGC - United nations global compact

WF – Wells Fargo

VOC –Volatile organic compounds

IJSER